

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00
PA-01 USIA-06 PRS-01 SP-02 AID-05 COME-00 EB-07
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FM AMEMBASSY MEXICO
TO SECSTATE WASHDC 3260
INFO TREASURY WASHDC
ALL USCONS MEXICO (BY POUCH)

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E.O. 11652: N/A

TAGS: ELAB, MX

SUBJECT: CTM FREES AFFILIATE UNIONS FROM TEN PERCENT
WAGE HIKE LIMITATIONS

1. SEVERAL MEXICO CITY DAILIES JUNE 29-30 HAVE HEAD-LINED PLEDGE FROM CTM KINGPIN FIDEL VELASQUEZ THAT LABOR WILL CONTINUE TO HONOR ITS "TRUCE" WITH PRESIDENT LOPEZ PORTILLO TO HOLD WAGE INCREASES WITHIN THE 10 PERCENT LIMITATIONS ESTABLISHED IN DECEMBER 1976, BUT TEXTS OF SEVERAL NEWS ACCOUNTS BELIE THE PROMISE. VELASQUEZ IS QUOTED AS ADMITTING THAT THE CTM EXECUTIVE BOARD NEVER DISCUSSED, APPROVED OR DISAPPROVED THE 10 PERCENT WAGE LIMITATION DURING ITS JUNE 27-29 SESSIONS. HE SAID "THEY FIXED NO (MAXIMUM) FIGURE (FOR WAGE INCREASES) BUT THAT EACH AFFILIATE UNION HAS UNLIMITED LIBERTY TO NEGOTIATE AND OBTAIN WAGE INCREASES IN ACCORDANCE WITH THE ECONOMIC CAPACITY OF THEIR (RESPECTIVE) ENTERPRISE". HE ADDED THAT "OUR AFFILIATES CAN COUNT ON CTM ASSISTANCE

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(IN THESE EFFORTS) IF THEIR DEMANDS ARE MODERATE". DEPENDING ON HOW "MODERATE" IS DEFINED, THIS DECISION COULD DO SERIOUS DAMAGE TO THE ECONOMIC STABILIZATION EFFORTS.

2. TWO MEMBERS OF THE CTM EXECUTIVE BOARD WHO ATTENDED ALL THREE DAYS OF THE CLOSED SESSIONS CONFIRMED THE

ABOVE ACCOUNT TO THE LABATT. EACH AFFILIATE IS FREE TO NEGOTIATE FOR "AS MUCH AS THE TRAFFIC WILL BEAR" WHILE MAINTAINING THE PUBLIC PLEDGE FOR MODERATION. BOTH LABOR LEADERS INDICATED THAT THE DECISION WAS INEVITABLE, GIVEN THE PRESSURES WHICH ARE BUILDING FROM THEIR MEMBERSHIPS (THE CPI INCREASED 9.9 PERCENT FROM DECEMBER THROUGH MAY WHILE WHOLESALE PRICES INCREASED BY 11 PERCENT FOR THE SAME PERIOD). VELASQUEZ REPORTEDLY OFFERED ONLY TOKEN OPPOSITION TO THE POLICY. ONE OF THE TWO LEADERS CONFIDED THAT THE CONGRESS OF LABOR (WHICH ENCOMPASSES 95 PERCENT OF ORGANIZED LABOR) WILL MEET IN CLOSED SESSION JUNE 30 AND "MOST PROBABLY DUPLICATE THE CTM ACTION".

3. COMMENT: IT APPEARS THAT FOR ALL PRACTICAL PURPOSES THE JLP-LABOR PACT HOLDING WAGES TO 10 PERCENT INCREASES IS DEAD. OFICIALISTA LABOR APPARENTLY INTENDS TO PRESERVE THE ILLUSION OF THEIR SUPPORT FOR JLP'S "ALLIANCE FOR PRODUCTION" THROUGH THEIR PUBLIC UTTERANCES AND AS QUIETLY AS POSSIBLE NEGOTIATE FOR THE MAXIMUM IN PRACTICE. THE GOM HAS NOT PUBLICLY REACTED TO THE NEW POLICY OTHER THAN BY ACCENTUATING THE POSITIVE PLEDGES OF VELASQUEZ AND BURYING ACCOUNTS OF THE NEW CTM POLICY IN THE FRIENDLY NEWS MEDIA. THOMPSON

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